



DEPARTMENT of the INTERIOR

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Alan Levitt (202)343-6416

FY 1989 BUDGET PROTECTS CORE INTERIOR PROGRAMS, HODEL SAYS

Secretary of the Interior Don Hodel today announced an FY 1989 budget for the Department that maintains funding levels for the Department's key operating programs, improves management of the Nation's water resources and adds funds to help eliminate hazardous wastes and contaminants affecting Interior activities.

The \$6.56 billion budget is \$600 million less than the FY 1988 budget enacted by Congress and is consistent with prior Interior budgets for this Administration in that only the highest priority construction and land acquisition projects are proposed for funding. Almost half of the decrease is in the area of land acquisition and non-Reclamation construction. About \$3.5 billion has been appropriated in these areas since 1980. Many of the remaining reductions are in the area of state grant programs and lower priority research.

"Observers of past Administration budgets for Interior should find few surprises in this proposal," Hodel said. "We have made decisions in the budget which support the President's goals for Interior while continuing to meet the budget constraints necessary to reduce the federal deficit. This is a responsible budget which emphasizes the protection of existing resources and the upgrading of facilities and the maintaining of the Department's core programs."

The proposal includes the largest budgets ever requested for the operations of national parks, reclamation facilities, and the Minerals Management Service. The request also maintains funding levels for the operation of national wildlife refuges and fish hatcheries. Funds will be used to better manage resources and to upgrade the interpretive and visitor services at national park sites.

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The budget reflects the new direction of the Bureau of Reclamation, announced in 1987, from an agency emphasizing construction of large water projects to one emphasizing better water resource management and environmental quality. Although funding for new construction is reduced slightly, there is a \$32 million increase to provide better management and improved efficiency of existing facilities and to assure water and power commitments to the beneficiaries are met. In keeping with the Bureau's new focus, 11 new studies will be funded in the areas of water conservation, environmental protection and restoration, and more efficient water management practices. These studies will explore non-structural means that can help resolve the West's water resource problems. To carry out these changes, the Bureau is undertaking a reorganization that will result in consolidating and moving certain agency functions. This will involve a reduction of approximately 500 personnel by the end of FY 1989.

In 1987, the practice of funding approved reclamation construction projects also changed from one of dividing funding shortages among all projects to one of providing those projects closest to completion enough funds to stay on schedule. The FY 1989 budget continues this philosophy, but also will make funds available for some projects whose funds were constrained in FY 1988.

The Department will more than double its funding to address hazardous materials problems on public lands. The increase is provided for a Department-wide effort to resolve existing or potential problems on lands for which Interior has responsibility. Funds are provided to accelerate investigations and corrective actions on more than 200 sites on lands managed by the Bureau of Land Management that could pose public health or environmental problems. The Department will continue to provide funding for the cleanup of contamination problems at Kesterson National Wildlife Refuge, the San Joaquin Valley Drainage Program, and for a Department-wide Irrigation Drainage Task Force.

Interior is encouraging several innovative means to protect the Nation's natural resources without additional federal funding. One successful alternative to land acquisition frequently used during this Administration has been land trades which protect priority wildlife habitat and park lands without additional federal land acquisition expenditures. Since 1980, the National Park Service and the U.S. Fish and Wildlife Service have acquired more than 200,000 acres through exchanges. These agencies have the potential of acquiring more than a million additional acres by the end of FY 1989.

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Another emphasis of this Administration has been the encouragement and use of volunteers. Last year more than 56,000 people volunteered over 2.5 million hours of their time to give tours, plant trees, band birds, and do a multitude of other jobs on Interior lands. In 1989, the volunteer contribution is expected to increase as the President's Take Pride in America campaign enters its third year.

In FY 1989, the Bureau of Indian Affairs (BIA) will implement a demonstration project that will allow at least ten Indian tribes to develop and implement tribal designed, rather than BIA designed, budgets. The planning process for these budgets began in 1988. Hodel described the new budgeting process is one of the Department's most promising initiatives and the beginning of a long-term effort designed to lessen the role of the BIA in the day-to-day life of Indian tribes and individuals. Increases also are requested for Indian education and social service programs and to address employment problems on reservations.

Within the Bureau of Mines budget, increased funding and a redirection of existing resources will support research to minimize health and safety hazards in mines, develop cost effective environmental controls, and improve efficiency and competitiveness of the U.S. mining industry. Funding priorities in the U.S. Geological Survey include continuation of the transition to digital map production, scientific studies of the Exclusive Economic Zone, and seven pilot studies in the National Water Quality Assessment program. However, overall funding of these bureaus will decrease as lower priority research is deemphasized.

Included in the budget are the assumptions that Congress will authorize exploration in a portion of the Arctic National Wildlife Refuge and that the first lease sale will occur in 1990. The budget provides \$2 million for continued environmental research in support of leasing.

Requests for funds available for grants to States for the reclamation of abandoned coal mines will be reduced by \$30 million, to \$129.6 million. This will not reduce funds actually received by the States, because in recent years their ability to obligate funds for this purpose has not kept pace with the rate at which funds have been made available. As a result, there is a substantial carry over from previous years which, when combined with the FY 1989 budget request, will allow States to complete ongoing projects and start new ones. Funds for grants to States for endangered species, anadromous fish, historic preservation and recreation programs have not been requested.

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Sport fish restoration funds for States will increase by \$33.7 million, to a record \$194.8 million, as a result of revenues from fishing related activities. Since 1985, funding for this purpose has increased 514%. Payments to States for oil and gas revenues from public lands will also increase by \$26.7 million, to \$439.1 million, largely as a result of production increases.

The budget includes \$600,000 for the National Park Service to explore in more detail the costs and benefits of restoring the almost 2,000 acres of the Hetch Hetchy Valley, presently flooded by the Hetch Hetchy Reservoir, to their natural grandeur as part of Yosemite National Park.

Interior is also undertaking several management improvement efforts which convincingly demonstrate it is possible to operate Government agencies in a more cost effective manner, Hodel said. The Department is continuing the process of consolidating from 13 accounting systems and 30 payments centers spread across all Interior bureaus to one standard system. The Office of Management and Budget has described this effort as a model for the federal government. In other areas often overlooked by line managers -- unemployment compensation and worker compensation -- Interior management initiatives are contributing substantial cost savings and are returning employees who want to work to productive employment.

Among the other management efficiencies proposed in the budget is a more effective method of ensuring the proper amount of royalties due the United States is collected from the 24,000 onshore Federal and Indian producing oil and gas leases. The budget includes \$4.4 million for the Minerals Management Service to extend automated production reporting to cover all producing onshore leases. The system will allow automated comparison of sales reports from royalty payers with actual production reports from lease operations, thereby minimizing underpayment.

A total of \$23 million is requested for accelerated development of the Automated Land Records System of BLM, an increase of \$9.5 million. This data management system will automate the more than one billion documents which comprise the land status data from all States. When completed in 1993, it will significantly reduce the time involved in processing land and mineral casework and offer greatly improved services to the general public.

In FY 1989, the Department also will explore a variety of alternatives to government supplied housing. Interior has approximately 10,600 units of housing, over half of which need significant repair. Alternatives that may be pursued include employee cooperatives, sale or lease of current housing units to employees, private financing of necessary rehabilitation and new construction, and joint ventures with the private sector.

PRESS CONTACTS FOR FURTHER INFORMATION REGARDING INTERIOR'S FY 1989 BUDGET

(Area codes need not be used from Washington, D.C.,
unless indicated below)

<u>AGENCY</u>	<u>NAME OF CONTACT</u>	<u>OFFICE PHONE</u>	<u>HOME PHONE</u>
Office of Budget, Department of the Interior	Anthony Itteilag	343-5308	589-7532
	Bob Lamb	343-4965	229-6924
	Mary Ann Khalatbari	343-8077	229-5528
Bureau of Land Management	Roger Hildebeidel	343-3516	451-3380
	Bob Johns	343-4151	481-5614
Minerals Management Service	Margie Carpenter	648-7857	462-8145
	Janet Mosher	343-3983	546-6813
Office of Surface Mining	J. P. Crumrine	343-4926	333-3177
	Larry Frey	343-4720	533-7282
Bureau of Reclamation	J. Austin Burke	343-4690	437-5022
	Jess Pepple	343-4690	860-2530
Geological Survey	Ted Saunders	648-4434	938-5484
	Donovan Kelly	648-4460	703/338-4044
Bureau of Mines	Jim Donahue	634-1325	871-3303
	David Barna	634-1001	703/455-1090
Fish and Wildlife Service	Jim Leupold	343-2444	525-1438
	Craig Riebin	343-5634	239-1593
National Park Service	C. Bruce Sheaffer	343-4566	321-9266
	George Berklacy	343-6843	250-6503
Bureau of Indian Affairs	Linda Richardson	343-1181	249-9215
	Carl Shaw	343-4576	546-6107
Office of Territorial and International Affairs	David Haggstad	343-6971	978-6949
	Larry Morgan	343-3003	649-6267

U.S. DEPARTMENT OF THE INTERIOR

1989 Budget Summary

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DEPARTMENTAL OVERVIEW AND HIGHLIGHTS

INTRODUCTION

On March 3, 1849, the Congress created the Department of the Interior to administer the Federal government's internal affairs responsibilities. The Department has evolved into the Nation's principal conservation agency and oversees the Nation's public lands and many of its natural resources. The Department serves people in all 50 States and has a major responsibility for American Indians, Alaska Natives and residents of island territories under the administration of the United States.

The mission of the Interior Department is to encourage and provide for the appropriate preservation, development, and management of this Nation's public lands and natural resources for use and enjoyment now and in the future and to carry out the trust responsibilities of the United States government.

The mission is carried out within the budgetary framework proposed annually to the Congress by the President and the Secretary of the Interior. The measures in this budget reflect the Department's continuing commitment to ensure that the Nation's public lands and natural resources are wisely used and protected for the economic and environmental well-being of the Nation and that essential services to the public are maintained. The Department's 1989 budget is consistent with Presidential and Congressional efforts to reduce the Federal deficit in accordance with the Gramm-Rudman-Hollings Deficit Control Act, as amended by P.L. 100-119, while maintaining the integrity of essential operating programs and the priorities of this Administration.

The 1989 Interior Department budget totals \$6.6 billion in budget authority, a decrease of \$589 million from the 1988 estimate. Outlays in 1989 are estimated to be \$6.8 billion, a \$355 million reduction below the 1988 estimate of \$7.1 billion.

Total receipts resulting from activities of the Department are estimated to be \$6.4 billion in 1989, \$1.3 billion above the current estimate for 1988. Of the \$6.4 billion in 1989 receipts, \$1.8 billion offsets the total budget authority request (\$6.6 billion), resulting in net budget authority of \$4.8 billion.

Usage and Terminology

All years referenced are fiscal years and amounts presented reflect budget authority unless otherwise specified. Numbers in tables may not add to totals because of rounding. Numbers shown in parentheses in tables indicate a decrease. Bracketed numbers in tables are shown for information and are not added to totals.

Amounts shown as **1989 estimates** are the amounts requested in the President's budget, including amounts for which new authorizing legislation is needed, and amounts estimated to be available in 1989 as a result of legislation providing permanent spending authority.

References to **1988 appropriations** or to **1988 enacted** are to amounts appropriated in the FY 1988 Interior and Related Agencies Appropriations Act and the FY 1988 Energy and Water Development Appropriations Act as included in the full-year Continuing Resolution, P.L. 100-202, and, unless otherwise indicated, legislation providing permanent spending authority.

Amounts referred to as **1988 estimates** are 1988 appropriations adjusted for 1988 funding transfers reflected in the 1989 President's Budget. Transfers made to or from accounts generally reflect repayments from the operating accounts of land managing bureaus to no-year accounts in several bureaus for emergency transfers made in 1987 to cover firefighting costs. Funds for repayment were included in the 1988 appropriations for the land managing bureaus. There are no supplemental appropriation requests or rescissions in this budget.

DEPARTMENT OF THE INTERIOR

Budget Authority, Outlays and Receipts for FY 1987, 1988, and 1989

(In millions of dollars)

	<u>FY 1987 Actual</u>	<u>FY 1988 Estimate</u>	<u>FY 1989 Estimate</u>	<u>FY 1989 compared to FY 1988</u>
Budget Authority:				
Funds subject to annual appropriation.....	5,419	5,377	4,919	-458
Permanents, trusts and others.....	1,397	1,773	1,643	-131
Total.....	<u>6,816</u>	<u>7,151</u>	<u>6,562</u>	<u>-589</u>
Outlays:				
Funds subject to annual appropriation.....	5,107	5,393	5,198	-195
Permanents, trusts and others.....	1,480	1,728	1,568	-160
Total.....	<u>6,587</u>	<u>7,121</u>	<u>6,766</u>	<u>-355</u>
Receipts				
Outer Continental Shelf (OCS).....	2,735	3,155	3,486	+331
OCS Escrow.....	2,190	0	919	+919
On-shore Mineral Leasing.....	823	928	976	+48
Other Receipts.....	974	1,060	1,060	+1
Total.....	<u>6,721</u>	<u>5,143</u>	<u>6,441</u>	<u>+1,298</u>
(Offsetting receipts).....	(1,537)	(1,714)	(1,768)	(54)

Note: Numbers may not add due to rounding.

DEPARTMENT OF THE INTERIOR
FY 1989 President's Budget
(In thousands of dollars)

Bureau/Office	Budget Authority			
	FY 1987 Actual	FY 1988 Enacted	FY 1988 Estimate	FY 1989 Estimate
Interior & Related Agencies				
Bureau of Land Management.....	\$670,176	\$848,562	\$774,904	\$729,325
Minerals Management Service.....	536,936	581,175	581,175	610,439
Office of Surface Mining.....	319,098	301,505	308,505	260,160
Geological Survey.....	431,454	448,372	448,372	425,328
Bureau of Mines.....	141,125	147,098	147,098	127,305
Fish and Wildlife Service.....	722,495	743,179	763,679	702,229
National Park Service.....	963,814	954,521	1,002,021	794,298
Bureau of Indian Affairs.....	1,388,404	1,462,847	1,462,847	1,420,843
Territorial and International Affairs.....	609,667	514,881	514,881	323,371
Office of the Secretary.....	43,567	49,319	49,319	53,481
Office of the Solicitor.....	21,280	23,053	23,053	25,325
Office of Inspector General.....	16,761	17,757	17,757	18,816
Subtotal.....	\$5,864,777	\$6,092,269	\$6,093,611	\$5,490,920
Energy & Water Development				
Bureau of Reclamation.....	950,866	1,064,072	1,057,069	1,070,619
Subtotal.....	\$950,866	\$1,064,072	\$1,057,069	\$1,070,619
Department of the Interior				
Total, Budget Authority...	\$6,815,643	\$7,156,341	\$7,150,680	\$6,561,539
Outlays.....	\$6,586,697	NA	\$7,120,990	\$6,766,266
Memo Entries:				
Current budget authority.....	5,418,887	5,382,866	5,377,205	4,918,981
Permanent budget authority.....	1,396,756	1,773,475	1,773,475	1,642,558

BUDGET OVERVIEW FOR 1989

The 1989 budget of \$6.56 billion for the Department of the Interior meets the multiple operating responsibilities of the Department. A total of \$4.92 billion is included for funds subject to annual appropriations, a decrease of \$463.9 million below the 1988 enacted level and \$458.2 million below the 1988 estimate but an increase of \$126.6 million above the 1988 President's Budget.

The budget is predictable in that it is consistent with the priorities of previous budget requests of the Administration. Specifically, the budget emphasizes support for operating programs, such as operations of the National Park Service and the Fish and Wildlife Service, land management responsibilities of the Bureau of Land Management, revenue collection programs (principally of the Minerals Management Service), high priority research activities of the Geological Survey and the Bureau of Mines, water development construction projects, including operation and maintenance of existing projects, of the Bureau of Reclamation, and important activities of the Bureau of Indian Affairs and the Office of Surface Mining Reclamation and Enforcement.

As the result of emphasizing basic operations, funding for lower priority programs is proposed to be decreased. The most significant of these reductions are construction activities of the National Park Service (NPS), Fish and Wildlife Service (FWS), Bureau of Land Management (BLM), and Bureau of Indian Affairs (-\$122.1 million); land acquisition activities of NPS, FWS, and BLM (-\$103.6 million), and NPS historic preservation grants (-\$28.2 million).

Together with other 1989 requests for domestic discretionary funding by the Administration, the 1989 budget meets the targets set forth in last year's Budget Summit Agreement.

The narrative that follows discusses important activities of the Department and the budget implications of these activities.

HIGHLIGHTS OF THE 1989 BUDGET

National Park Service Operations

For the past several years, the Department has made significant efforts to protect and enhance basic operations. The National Park Service (NPS) has been a primary focus of this effort. The 1989 request for

the Service includes \$733.8 million for all NPS operations. This is an increase of \$3 million above the 1988 enacted level, \$13 million above the 1988 estimate, and \$18.9 million above the 1988 President's Budget. Support for park operations as a percentage of total Departmental funding has grown significantly -- from 8.8 percent in 1980 to 14.8 percent in the 1989 request. Moreover, in constant dollars, Park Service funding for operations has increased by 29 percent since 1980.

In the Budget Reconciliation Act passed in December 1987, the Congress approved permanent authority for NPS to collect and use recreation fees. These fees are collected in one year and then made available for appropriation in the following year to enhance park operations. In 1988, the Service estimates that it will collect \$52.2 million. The budget proposes that this amount be appropriated in 1989. The fees, which augment direct appropriations for park operations, represent 8.7 percent of park management funding for NPS in 1989. Revenue from recreation fees is allocated among the parks according to the amount of fees collected (50 percent), the size of the operating budget (40 percent), and need as determined by the Director of the Service (10 percent).

Fish and Wildlife Service Operations

As with the Park Service, the Department is emphasizing operations funding for the Fish and Wildlife Service. The 1989 request for Service operations totals \$331.9 million. This is a decrease of \$10.7 million below the 1988 enacted level and \$7.9 million below the 1988 estimate, but an increase of \$30.8 million above the 1988 President's Budget. The 1989 request will maintain wildlife refuge and fish operations. Reductions are due primarily to the proposed transfer of certain fish hatchery operations to the Bureau of Indian Affairs and a proposal not to fund several grant programs.

Bureau of Reclamation's New Direction

The *Assessment '87* report issued by the Bureau of Reclamation in October 1987 concluded that the original mission of the Bureau has been largely accomplished and the end of the era of construction of large dams and water projects is approaching. The 1989 budget takes steps to implement the assessment report's recommendation that the Bureau's focus should change from water project construction to water resources management and that the Bureau should provide

opportunities to participate with non-Federal partners in water development projects with appropriate cost sharing.

The 1989 budget provides \$183 million for Reclamation operations and maintenance, an increase of \$32 million above the 1988 level, for better management of existing projects to assure meeting water and power commitments to consumers. The Bureau is establishing policies and procedures to more efficiently manage additional water made available by water conservation, resolve institutional and legal constraints to water conservation, create more suitable water supplies from existing projects, and transfer operations and maintenance responsibilities to local project beneficiaries where appropriate. The Bureau will also seek to generate power more efficiently and economically by automating powerplants or operating them by remote control, developing computer systems that increase power generation and decrease costs, and continuing to uprate existing generators for more efficient operation. Amounts for operations and maintenance in the 1989 budget are \$199 million in 1990 and \$214 million in 1991.

In the General Investigations appropriation, the Bureau's budget includes \$12.3 million for planning studies, of which \$1.3 million is for 11 new studies that are representative of the new Bureau direction. The goal of the new studies is to provide a full range of innovative management alternatives directed at solving water resource problems in a manner that is less capital-intensive. All of the new studies are cost-shared on at least a 50/50 basis with non-Federal entities.

To carry out the organizational changes necessary to allow the Bureau to meet the challenges of resource management, the Bureau undertook a reorganization in 1987 that will result in moving many headquarters functions from Washington, D.C. to Denver, Colorado, consolidating planning functions in Denver, and phasing out the Southwest Regional Office in Amarillo, Texas, and transferring its remaining functions to the Upper Colorado and Plains (formerly known as the Missouri Basin) Regions. Staffing in 1989 will be reduced by more than 500 full-time equivalents, primarily because of the reorganization.

Bureau of Reclamation Construction

The 1989 budget continues the policy initiated in the 1988 budget for the Bureau's construction program. This policy provides projects closest to completion with sufficient funding to remain on efficient engineering schedules. The 1989 request of \$698 million for

construction places more projects on efficient engineering schedules than the \$704 million appropriated in 1988. The policy has assured the completion of a number of projects, including Brantley (New Mexico) and Yakima Fish Passage (Washington) and two major safety of dams projects in Wyoming (Fontenelle and Jackson Lake).

Bureau of Indian Affairs

The Department believes that some Indian tribes are ready to assume greater management responsibilities over funds provided by the Bureau of Indian Affairs (BIA). At a special hearing in October, 1987, before the House Appropriations Subcommittee on Interior and Related Agencies, several tribes expressed interest in the design and implementation of comprehensive tribal budgets for all programs funded by BIA. The 1988 appropriations for the Bureau included \$1 million for initial planning along these lines by 10 tribes. In 1989 these 10 tribes will implement their comprehensive budgets. Based on the results from the initial planning, other tribes may also be able to participate in this program during 1989.

As part of its intensified efforts to prevent and ameliorate social problems on reservations, the Bureau will provide \$3.9 million in 1989 to continue the Drug and Alcohol Abuse Prevention program, providing for education programs, judicial and law enforcement training, and a Drug Abuse Coordination Office. BIA will also provide \$1.5 million toward child protection efforts against child abuse and neglect on reservations.

The Bureau will continue to address employment problems on reservations through its Employment Assistance Readiness Net (EARN) demonstration workfare program. An additional \$2 million will be provided for this program in 1989 to support six tribal demonstration projects and two Bureau projects. Tribes will design individual work plans for unemployed Indians to include education, vocational training, alcohol and substance abuse counseling, tribal community college opportunities, and other programs.

In support of the Bureau's goal to develop and implement an "effective schools" process for all Bureau-funded schools, the 1989 budget includes increases of \$1.5 million for staff training, exemplary schools, upgrading text books, and a gifted and talented program.

Hazardous Materials

The Department proposes to increase efforts to address the problem of hazardous materials on Interior lands. The 1989 budget requests \$22.6 million for these efforts, an increase of \$13.6 million over 1988. The largest increase is in the Bureau of Land Management, which will substantially increase activities to assess and investigate hazardous waste sites and begin corrective actions when required. A Department-wide effort has been undertaken to coordinate and establish priorities for hazardous materials activities across all Interior agencies. The following table summarizes funding for these activities:

(In millions of dollars)		
<u>Bureau</u>	<u>1988</u>	<u>1989</u>
Bureau of Land Management	\$5.89	\$12.41
Fish and Wildlife Service	2.18	4.90
National Park Service	0.80	2.00
Bureau of Reclamation	0.05	0.20
Bureau of Mines	0.05	3.00
Bureau of Indian Affairs	--	0.10
Total	\$8.97	\$22.61

Employee Housing

The Interior Department currently has 10,600 units of mission-related employee housing, over half of which are estimated to be in need of significant rehabilitation. The Department is investigating private market mechanisms to supply either new or rehabilitated employee housing, particularly mechanisms that would enable employees to own their own homes. Alternative approaches that will be pursued include employee cooperatives, sale or lease of current housing units to employees, private financing of necessary rehabilitation and new construction, and joint ventures with the private sector that would increase the availability of employee housing where it is in short supply. These approaches will yield benefits far more rapidly than Federal financing and avoid the conflicts inherent in

the employees' supervisor also being the landlord. If legislation is needed for this initiative, it will be submitted to the Congress.

Other Budget Proposals

The 1989 budget includes a number of other significant budget proposals which are discussed below:

- o **Land Acquisition and Exchanges:** Land Acquisition funds are limited to \$17.8 million in the 1989 budget. In addition, \$29.4 million in receipts from the Migratory Bird Conservation Fund, a permanent appropriation, will be used for wetlands acquisition. This level of funding represents Administration policy that discretionary land acquisition be postponed due to higher priorities elsewhere in the Department. The following table summarizes the Department's land acquisition budget for 1989:

(In millions of dollars)

	<u>1988 Enacted*</u>	<u>1989</u>	<u>Difference</u>
National Park Service:			
Federal:			
Projects	\$29.3	--	\$29.3
Emerg. and Hardships	5.0	\$6.1	+1.1
Acquisition Management	6.5	6.3	-0.2
State:			
Projects	16.5	--	-16.5
Acquisition Management	3.4	3.4	--
Fish and Wildlife Service	51.8	1.9	-49.9
Bureau of Land Management	8.9	0.1	-8.8
Total	\$121.4	\$17.8	-\$103.6

* Excludes Transfers

Land exchanges have been and will continue in 1989 to be a successful alternative to fee purchase and to preserving priority habitat and park lands. Since 1980, the National Park Service has participated in approximately 200 exchanges involving 114,000 acres valued at \$48 million. Similarly, the Fish and Wildlife Service has participated in about 100 exchanges involving 86,000 acres valued at \$21 million.

- o Non-Reclamation Construction: The Department has invested more than \$1.8 billion in construction since 1980, excluding Bureau of Reclamation projects. Given this large investment and the need to meet deficit reduction goals, the 1989 request for non-Reclamation construction programs is \$79.4 million, \$122.1 million less than the 1988 appropriation level. The following table summarizes the Department's construction budget (excluding Reclamation):

(In millions of dollars)

	<u>1988 Enacted*</u>	<u>1989</u>	<u>Difference</u>
National Park Service	\$93.0	\$15.0	-\$78.0
Fish and Wildlife Service	23.1	7.6	-15.5
Bureau of Land Management	2.2	--	-2.2
Bureau of Indian Affairs	<u>83.2</u>	<u>56.8</u>	<u>-26.4</u>
Total	\$201.5	\$79.4	-\$122.1

* Excludes Transfers

- o Arctic National Wildlife Refuge: The 1989 budget for the Fish and Wildlife Service provides \$2 million for research in support of oil and gas leasing in the Arctic National Wildlife Refuge (ANWR). Research study areas include water quality and quantity, wildlife, waterfowl and fish protection, and habitat protection. The budget assumes that leasing in ANWR will begin in 1990, subject to Congressional legislative approval. This scenario is based on the Congress enacting ANWR legislation in 1988 and a lease sale occurring within two years. Exploration could begin in 1991 and continue through 1994. If commercial quantities are found, development could start in 1995 and production could begin in 1999. On this basis, the following are projections of receipts included in the 1989 budget:

<u>Year</u>	<u>Bonuses</u>	<u>Rents</u>
1989	--	--
1990	\$2.1 billion	\$600,000
1991	--	600,000
1992	1.3 billion	1,200,000
1993	--	1,200,000

Revenue projections assume a lease sale in 1990 and a follow-up sale in 1992 before exploration results add significant new information. Because this scenario assumes that production could not commence until 1999, royalties are not included. The

projections also assume that the entire area authorized under Section 1002 of the Alaska National Interest Lands Conservation Act is available for leasing.

- o Hetch Hetchy: The Department has done preliminary explorations of whether or not it is possible to restore Hetch Hetchy Valley in Yosemite National Park. In 1989, the National Park Service is requesting \$600 thousand for further studies. Of this amount, \$450 thousand will be used by the Bureau of Reclamation to examine engineering options to replace the water and power now provided by the reservoir and \$150 thousand will be used by the Park Service to examine restoration of the Valley. A total of \$35 thousand has been spent to date on this project.
- o Firefighting: The Department's 1989 request includes \$91.5 million for fire management and emergency fire suppression and pre-suppression costs. Of this amount, \$72.1 million is proposed to repay 1988 emergency fire costs for which transfers will be made under the Secretary's authority in section 102 of the Interior and Related Agencies Appropriations Act. In prior years, these transfers have been repaid through supplemental or other appropriations. This year's "up-front" request recognizes the approach that the Congress has been moving toward in recent years and will reduce the necessity for the Department to request large supplementals each year. The amount of the 1989 request, based on an average of several past fire years, is \$48.1 million for the Bureau of Land Management, \$18.7 million for the Bureau of Indian Affairs, \$4.5 million for the National Park Service, and \$800 thousand for the Fish and Wildlife Service.
- o Abandoned Mine Reclamation Fund: The Department's 1989 request for non-matching state reclamation grants is \$129.7 million, a decrease of \$30 million from the 1988 estimate. The decrease is proposed since a considerable amount of funding previously awarded to the states is unobligated and thus remains available for reclamation projects. When projected carryover from the 1988 program is combined with the proposed level of funding for 1989, states will have access to nearly \$364 million in resources during 1989. Even if the states obligate as much (\$200 million) or more than estimated for 1988, sufficient funding is available to provide full administrative support and allow the states to continue reclamation contracts already in progress, as well as provide the resources to plan for future land reclamation projects.
- o Royalty Management: The 1989 budget includes an increase of \$4.4 million to extend automated production reporting to all

24,000 onshore Federal and Indian oil and gas leases. This program will identify potential royalty under-payments through the automated comparison of sales reports which are submitted by royalty payers with production reports which are submitted by lease operators. Similar reporting on Outer Continental Shelf leases has resulted in \$18.6 million in increased collections in 2.5 years.

- o Automated Land and Minerals Record System (ALMRS): The ALMRS project constitutes a 10-year effort by the Bureau of Land Management to modernize, protect, and efficiently store and use public land records, such as master title plats, historical indexes, serial register pages, and patent records. Once the system is fully implemented, it will significantly reduce the time involved in processing land and minerals casework, improve service to the public by expanding the usefulness and accessibility of data, and provide greater speed and flexibility in maintaining status records. The 1989 request includes \$23 million to continue systems development. During 1989, the general systems design will be completed and contracting for combined hardware/software development will begin. Collection and automation of data will continue, with emphasis on geographic coordinate and land status data.
- o Bureau of Mines Research: The 1989 budget of \$127.3 million for the Bureau of Mines includes a redirection of funds to expand activities in several important areas, including advanced materials (\$6 million), mineral waste management (\$6.7 million), robotics and automation (\$5 million), innovative mining technology (\$4 million), mineral land assessments (\$7.6 million), and analysis of regulatory issues (\$1.7 million). The combination of these enhanced efforts will provide greater knowledge and new technology to minimize health and safety hazards in mines, develop more cost effective environmental controls, and improve efficiency, productivity, and competitiveness. However, overall funding for the Bureau of Mines will decrease by \$19.8 million because of deemphasizing lower priority research.
- o Geological Survey Research: The 1989 budget for the Geological Survey totals \$425 million. It includes a \$4.5 million increase to continue the transition of map production to an advanced digital cartographic system that takes advantage of innovative computer technologies in cooperation with the Department of Defense and an increase of \$3 million to conduct scientific investigations of the Exclusive Economic Zone which includes more than 3 billion acres of submerged lands. Additional verification surveys will be initiated in California, Oregon, Washington, the Gulf of Mexico,

Puerto Rico, the American Virgin Islands, and the East Coast. Funds are also included at the 1988 level of \$7.2 million to continue seven pilot studies of the National Water Quality Assessment program. The pilot effort will develop and test methodologies to provide a better understanding of the causes of water quality conditions and provide consistent information about water quality for Federal, state, and local managers. Overall, other research of the Survey has a lower priority, resulting in a net decrease of \$23 million in 1989.

- o Receipts for Sport Fish and Wildlife Restoration: For 1989, receipts from taxes authorized for the Sport Fish Restoration program of the Fish and Wildlife Service are estimated to continue to increase sharply to \$195 million, an increase of \$34 million over the 1988 level of \$161 million, and most significantly, an increase of \$157 million over the 1985 level of \$38 million. For the Service's Wildlife Restoration program, receipts from taxes for 1989 are estimated to be \$119 million, an increase of \$4 million above the 1988 level of \$115 million, and an increase of \$33 million above the 1985 level of \$86 million.
- o Sharing of Net Receipts: State shares of onshore mineral leasing revenues (generally 50 percent; Alaska 90 percent) and Western Oregon timber receipts are currently computed on a gross basis, without taking into account the costs of obtaining and distributing these receipts. These administrative costs are now borne entirely by the Federal Government. In keeping with the 1988 Budget Summit Agreement, the 1989 budget does not propose to change this method of distributing receipts; however, the budget assumes that beginning in 1990, Federal costs of managing and administering onshore mineral leasing and Western Oregon forest management will be deducted from total revenues and that receipts will be shared with states based on the resulting net amount.
- o Safety of Dams: The 1989 budget continues to emphasize Department-wide priorities that address the most critical needs for improving the safety of dams on Interior lands. The 1989 request includes \$85 million for the Bureau of Reclamation, the National Park Service, the Fish and Wildlife Service, and the Bureau of Indian Affairs. This is a reduction of \$11 million below the 1988 level, primarily because of the completion of the most costly aspects of work on two Bureau of Reclamation dams (Fontenelle and Jackson Lake) in 1988.
- o Compact of Free Association Implementation: The 1989 budget reflects continued implementation of the Compact of Free

Association. Implementation of the Compact for the Republic of the Marshall Islands and the Federated States of Micronesia (FSM) began during 1987, and Compact implementation for the Republic of Palau is expected during 1988. The 1989 budget includes \$34.9 million for continuation of certain mandated Federal programs and services for the Marshall Islands, FSM, and Palau, an increase of \$1.3 million above the 1988 estimate. All other Compact funding was permanently appropriated in 1986. In 1989, permanent appropriations for the Compact will decrease as scheduled by \$146.9 million, from \$291.1 million in 1988 to \$144.2 million. Payments in 1988 were considerably higher than proposed for 1989 because of up-front funding of \$84 million in investment development funds for the Marshalls, FSM, and Palau, along with certain one-time grant payments for Palau.

- o Klamath River Basin Restoration: The 1989 budget includes a \$1 million increase for the Fish and Wildlife Service for the Klamath River Basin Restoration program for initial program development, studies, and surveys. This 20-year cooperative effort among the Federal Government, the states of California and Oregon, area Indian tribes, and local industry seeks to restore and promote anadromous fish resources of the Klamath River Basin.
- o El Malpais: In 1987, the Congress established El Malpais National Monument (managed by the National Park Service) and El Malpais Conservation Area (managed by the Bureau of Land Management - BLM). The 1989 request includes \$150,000 for Park Service operations and \$200,000 for BLM responsibilities at these sites.
- o Bureau of Land Management Recreation and Cultural Resources: The 1989 request for BLM recognizes the growing importance of recreation and cultural resource activities on public lands. The request of \$24.2 million includes support for 20 additional rangers provided in 1988 for the California Desert Conservation Area, as well as providing additional visitor services and resource protection in special recreation areas. Cultural resource management priorities for 1989 include continued surveillance and detection in priority areas, such as the Four Corners area and the Pacific Northwest; support for public awareness and education, such as the Anasazi Heritage Center; and increased physical protection in sensitive areas, especially the Chacoan protection sites and the California Desert, King Range, and San Pedro Conservation Areas.

MANAGEMENT IMPROVEMENTS

Financial Integration Review for Management

The budget for the Geological Survey includes \$2 million for 1989 to continue implementation of the Financial Integration Review for Management (FIRM) system. This system will replace 10 existing accounting systems, eliminating duplication and providing better accounting data and management information. In 1987, the Survey was designated as the Department's lead agency for the acquisition and implementation of a single financial management system for all Interior bureaus. During 1988, the Survey and the Bureau of Reclamation will install and test system modules. Implementation of the new system for these two bureaus is scheduled for October 1988. The following additional bureaus will be brought onto the system in October 1989 and have included funds for this purpose in their budget requests: Bureau of Land Management (\$1.3 million), Fish and Wildlife Service (\$0.6 million), National Park Service (\$1.5 million) and Bureau of Mines (\$0.5 million). In addition, the Bureau of Indian Affairs has included \$1 million to initiate conversion activities in 1989.

Office of Construction Management

An emphasis on improved management of the Bureau of Indian Affairs facilities program will continue in 1989. The Office of Construction Management (OCM), with a budget of \$1.8 million in 1989, has developed a plan to address five key Congressional concerns with the facilities program. First, efforts are now underway to increase obligation and procurement rates in the facilities improvement and repair program through improved planning procedures, cost estimating, fund distribution, and monitoring. Second, plans to reduce excess space in the Bureau's facilities will be pursued through cooperative efforts of program managers and property management staff. Third, a final draft of a Report on BIA Education, which will serve as the basis for a Comprehensive Education Plan, is scheduled for tribal and Congressional review this year. Fourth, during 1988, OCM will implement a reorganization of the Bureau's Office of Facilities Management in order to gain more efficient and responsive management. Finally, a formula is being developed to allocate Bureau operations and maintenance funds which considers actual utilization and is based on educational and financial data.

Productivity Enhancement Funding

The Department has initiated a program to finance innovative, low-cost, high-payback projects to improve the efficiency, quality, and timeliness of operations. The first request for proposals resulted in more than 140 submissions, 21 of which have been approved. These projects involve employee developed innovations which will save \$11 million over the next three years, for an average up-front investment of less than \$40,000 per project. The 1989 budget proposes \$500,000 for a Departmental fund to match bureau investments in new projects. This will double the capacity of this year's program and provide a greater incentive to increase participation.

Reducing Overtime Costs

The Department recently launched an effort to reduce overtime costs that began with a detailed analysis of overtime expenditures totalling about \$52 million each year. Of this total, approximately \$10 million was for fire suppression, which is an uncontrollable overtime expenditure. Following the analysis, the Department developed overtime goals and increased monitoring of overtime expenditures. As a result, the Department reduced overtime by \$4.1 million in the first year of the program, even with a \$3 million increase in overtime for fire suppression. Without the fire suppression increase, the Department's reduction would have been more than \$7 million.

Better Management of Workers' Compensation Costs

Workers' Compensation costs the Department about \$25 million each year. The Department recently initiated efforts to control and reduce these costs. A rehabilitation/rehire program has been pilot-tested and will require a restructuring of jobs to match the available skills of people injured on the job with work they can do in order to provide them meaningful employment. This will return people who want to work to the Department's rolls and is expected to save between \$1 and \$2 million annually in Workers' Compensation costs.

Unemployment Compensation

During 1985, the Department became aware that more effective management of its unemployment compensation process was necessary. After an analysis of the process and the evaluation of the alternatives to improve that management, it was decided to utilize the services of an existing contract awarded by the Department of Agriculture. Utilizing this contract allowed Interior to move quickly and to save contracting costs. The contractor has saved the Department approximately \$4 million during calendar years 1986 and 1987. The contract has over a 50 to 1 payback ratio. Moreover, the process has become more efficient since employees and the states know that a contractor is monitoring for inappropriate claims. The contractor provides the service of determining if the unemployment compensation claim is appropriate under the laws of the state in which it is filed, matches billing information with payroll data to ensure that Interior is not paying for someone else's claims, appeals claims for the Department, trains Departmental personnel, and provides management reports.

FUNDING FOR PAY RAISE AND RETIREMENT COSTS

Costs of the January 1988 pay raise of 2 percent are \$33.1 million in 1988 and \$43.7 million in 1989. The 1988 costs will be absorbed within existing appropriations. As needed, reprogramming proposals to this effect will be submitted to the Congressional appropriations committees.

Costs of the Federal Employee Retirement System (FERS) authorized by P.L. 99-335 are \$43.4 million in 1989. Costs in 1988 were previously estimated at \$108.2 million and provided for in the 1988 Continuing Resolution (P.L. 100-202). Currently projected costs for 1988 are now lower than previously estimated. Lower estimates for FERS reflect changes in actuarial, switch rate, and thrift plan assumptions used to calculate agency contributions throughout government. Actual experience indicates, for example, that the switch rate is significantly lower than the previous 40 percent assumption. It is now assumed to be 5 percent.

ANNUAL VS. PERMANENT AUTHORITY

The 1989 budget request includes \$4.92 billion subject to annual appropriation and \$1.64 billion of permanent spending authority. The permanent spending authority becomes available without further action by the Congress as a result of existing legislation. These funds include amounts such as "miscellaneous permanent appropriations", "contributed funds", and "trust funds". Included in the permanent category are payments to states from grazing and mineral leasing receipts, wildlife and sport fish restoration payments to states, and certain payments to Indian tribes and territorial governments, including a portion of the funds under the Compact of Free Association. Many of these permanent appropriations are based on revenue generating activities.

The 1989 request for annual appropriations of \$3.96 billion to the Interior and Related Agencies Appropriations Subcommittees (all Department appropriations except those for the Bureau of Reclamation) is a decrease of \$470 million from the enacted 1988 level.

For the Bureau of Reclamation, the 1989 request for annual appropriations of \$962 million to the Energy and Water Development Appropriations Subcommittees is an increase of \$6.1 million over the 1988 enacted level.

The request for annual appropriations includes amounts for loan programs in the Bureau of Reclamation and the Bureau of Indian Affairs that reflect the Administration's Federal Credit Reform proposal. This proposal would change the budgetary treatment of Federal credit transactions by requesting funds (budget authority) for the estimated subsidy amount included in the loans.

The 1989 estimate for the Department's permanent appropriations of \$1.64 billion reflects a decrease of \$131 million below the 1988 estimate.

STAFFING

The 1989 budget includes a full-time equivalent (FTE) staffing level of 69,725, a reduction of 743 FTEs from the 1988 level. The reduction is primarily due to the effect of reorganizing and relocating the Bureau of Reclamation which results in an FTE reduction of 522 in 1989.

Other minor reductions are proposed for the Geological Survey, Bureau of Land Management, Bureau of Mines, and Fish and Wildlife Service, offset in part by increases in the National Park Service and the Office of the Solicitor. Table B provides detail by bureau.

	<u>1987</u>	<u>1988</u>	<u>1989</u>
FTEs Subject to Target 1/	69,661	70,468	69,725
FTEs Funded by Interior Accounts 2/	69,021	69,820	68,927

1/ Represents all work years expended on Interior programs by Interior employees (including Job Corps) without regard to the source of funding, except those hired under Worker-Trainee Opportunity Program appointments and certain exempt programs.

2/ A total for each bureau is included in the Detailed Bureau Sections.

RECEIPTS

Fiscal year 1989 Interior receipts are expected to total \$6.4 billion, an increase of \$1.3 billion compared to 1988. This projected increase is due primarily to the release of \$0.9 billion in principal and interest from an Outer Continental Shelf (OCS) escrow account in 1989.

The escrow release anticipates a Supreme Court decision in 1989 determining the location of the Federal/state boundary off the coast of Alaska, which will permit the release of the Federal share of the Section 7 escrow funds including interest. No escrow releases are projected for 1990 and beyond, as all escrowed funds from OCS leasing will have been released. Pursuant to the 1988 Continuing Resolution (P.L. 100-202), a 27 percent share of the Section 7 escrow was paid to Alaska on December 31, 1987.

Interior receipts from most other sources are expected to increase from 1988 to 1989. OCS rents and bonuses (from current sales) and royalties are expected to be about \$3.5 billion, an increase of \$0.3 billion over the current estimate for 1988; onshore mineral leasing receipts will be approximately \$1.0 billion or about \$50 million more than 1988. All other receipts will be \$1.1 billion, or approximately the same as 1988.

OCS bonus estimates are based on the current five-year leasing schedule, with two California sales scheduled for 1989. Additional details on receipt estimates are included in Table A.

BUREAU OVERVIEWS

BUREAU OF LAND MANAGEMENT

The Bureau of Land Management (BLM) is responsible for the multiple use management of natural resources on 270 million acres of public lands located primarily in the Western States, including 90 million acres in Alaska. BLM also has the responsibility for mineral leasing and supervision of minerals operations on an additional 300 million acres of Federal mineral estate that underlie other surface ownership.

The 1989 budget estimate for BLM is \$729.3 million, a decrease of \$45.6 million from the 1988 estimate of \$774.9 million (which reflects a net transfer of \$73.7 million, primarily to repay funds used in 1987 for emergency firefighting costs) and a decrease of \$119.2 million from the enacted 1988 appropriation.

The primary reason for the decrease from 1988 to 1989 is that budget authority for 1987 payments derived from \$72.1 million in 1987 receipts, largely timber receipts from Oregon and California Railroad Grant Lands (O&C), was not credited to BLM until 1988, thus overstating the 1988 budget authority for the Miscellaneous Permanent Appropriations account by \$72.1 million.

The 1989 estimate for all accounts includes a total of \$5.2 million to cover the annualized cost of the January 1988 pay raise and \$6.3 million for costs associated with the Federal Employees' Retirement System Act of 1986, P.L. 99-355.

The 1989 BLM program reflects the Secretary's continuing emphasis on the "Take Pride in America" theme. The Bureau will continue to enlist the support of those who use the public lands as well as the direct efforts of volunteers to support resource management programs.

The 1989 BLM budget contains three significant funding initiatives. Funding for hazardous waste programs increases by \$6.6 million to \$12.4 million. This level of funding will help the BLM to meet its responsibilities under the law and will significantly increase the number of studies of additional potential hazardous waste sites on public lands.

Second, the budget continues the funding for the Automated Land and Minerals Records System (ALMRS), increasing funding by \$9.5 million to \$23.0 million. The ALMRS project, which will be implemented Bureau-wide beginning in 1993, will reduce the time involved in processing land and minerals casework, improve service to the public by expanding the accessibility and usefulness of the data, and protect irreplaceable basic land records. Emphasis in 1989 will be on contracting for development of integrated hardware, software, and user requirements, and on collection of land status and geographic coordinate data.

Third, consistent with requests in the other land managing bureaus in the Department, BLM is requesting up-front funding of \$48.1 million to repay the costs of emergency fire suppression and pre-suppression activities in 1988. This approach will continue to use the Secretary's emergency transfer authority under section 102 of each year's appropriation act to transfer funds from no year accounts in order to fund these costs in 1988. The 1989 funding will be used to repay those transfers. This approach is consistent with actions the Congress has taken in recent years to appropriate funds in the regular appropriations bills to repay prior year emergency fire costs. Since it is difficult to predict actual firefighting costs in advance, the request is based on an average of several previous fire years. If additional funds are required, they will be requested.

The 1989 budget request for Management of Lands and Resources (MLR), the Bureau's principal operating account is \$464.5 million. This appropriation includes funds for energy and minerals management, lands and realty management, renewable resources management, and their supporting services programs. Most of the net reduction for the MLR account is attributable to a difference in emergency firefighting.

Within the MLR account, \$75.5 million is requested for energy and minerals management, a net decrease of \$5.1 million from the 1988 enacted level. Decreases in several programs are proposed in response to current reduced market demand for commodities such as coal, oil, gas, and geothermal resources. An increase of \$1.0 million is proposed for mining law administration to provide increased enforcement of surface management regulations, especially in wilderness study areas, the California Desert Conservation Area, and Alaska.

The request for lands and realty management of \$35.8 million is a net decrease of \$11.7 million from the 1988 enacted level. The major portion of the decrease, \$6.8 million, consists of a shift of the funding for data collection in support of the ALMRS project to the data

management activity. This will consolidate all ALMRS-related funding in one place in the Bureau's budget. The remainder of the reductions reflect savings projected in the rights-of-way program due to a decreased number of energy related right-of-way applications, the deferral of lower priority Alaska lands program casework, and significant reductions in the withdrawal review program as a result of the pending suit by the National Wildlife Federation. Additional funding is provided in realty management to deal with unauthorized use of public lands.

The request for renewable resources management totals \$122.6 million, a net decrease of \$5.2 million from the 1988 enacted level. The wild horse and burro program will decrease by \$7.2 million, reflecting an accelerated rate of removal of animals from public lands and reduced maintenance costs due to increased adoption efforts. In addition, the request assumes that Congress will provide BLM with the authority to sell at public auction animals not adopted within 30 days, with receipts retained by the Bureau to offset program costs.

The hazardous materials program increases by \$6.6 million to fund activities associated with managing hazardous materials on public lands. The number of land assessments will increase from 40 to 150, preliminary assessments from 34 to 101, site investigations from 8 to 22, and remedial investigations from 1 to 3. Funding also is included for emergency responses, training and technical assistance, and work in the California Desert Conservation Area (CDCA). Also included in the renewable resource area are increases in funding for range monitoring and project planning, and an increase in recreation and wilderness management in the CDCA. Decreases in several areas reflect elimination of low priority projects, inventories, and plans in various renewable resources programs.

The request for planning and data management is an increase of \$18 million over 1988 enacted level, including \$6.8 million for ALMRS data collection funding shifted from the lands and realty activity. Another \$9.5 million of the increase is for the 1989 costs of continuing to develop ALMRS, as described above. In addition, \$2.0 million is requested for BLM's automated data processing modernization project, to redesign and reconfigure the software used to operate the Bureau's administrative and resource operations supporting systems.

The request for cadastral survey is \$4.1 million below the 1988 enacted level of \$27.9 million, as a result of increased emphasis on the execution of special surveys and a decrease in the number of original surveys to be completed in Alaska.

An appropriation of \$57.4 million is requested for operations for the Oregon & California Railroad Grant Lands (O&C), a decrease of \$1.0 million from 1988 enacted level. The decrease results from the completion of extensive forest inventories required for the decadal Timber Management Plans for the 1990's.

Also included in the budget are requests of \$1.3 million for obtaining access to lands and \$8.5 million for range improvement work. The 1989 budget includes \$105 million, the same as the 1988 enacted level, for Payments in Lieu of Taxes to local jurisdictions that contain Federal lands.

As noted earlier, the level of the Miscellaneous Permanent Appropriations account in 1988 is significantly overstated in 1988, resulting in a artificial decrease of \$72.2 million in 1989. Actual 1987 receipts of \$72.1 million were not warranted by the Treasury Department until 1988, thereby understating 1987 budget authority by \$72.1 million and overstating 1988 budget authority by the same amount. This had no effect on the actual 1987 payments. The level in the 1989 budget is equal to the estimated 1988 payment level only, so that the effective budget levels in 1988 and 1989 are essentially the same.

BLM estimates it will collect \$210 million in receipts from timber sales, sales of lands and vegetation, grazing fees and miscellaneous other sources during 1989. On March 1, 1988, the grazing fee will rise from \$1.35 to \$1.54 per animal unit month (AUM) as a result of changes in indices of costs of production, cattle prices, and land lease rates. The timing of the final decisions on the grazing fee change were too late to reflect those changes in the receipt and budget estimates contained in the 1989 request. Preliminary estimates are that total grazing fee receipts will be \$12.2 million in 1989, an increase of \$2.1 million from the 1988 estimate before the change in the fee and an increase of \$400 thousand from the revised 1988 estimate of \$11.8 million.

Consistent with understandings reached in the development of the Budget Summit Agreement, the 1989 budget does not contain a proposal for sharing of net receipts from O & C lands. However, Bureau out-year planning targets for 1990 and subsequent years assume such a policy.

MINERALS MANAGEMENT SERVICE

The Minerals Management Service (MMS) has responsibility for collecting and accounting for royalties and other mineral revenues due from Federal and Indian leases, both onshore and offshore, as well as leasing and supervising the development of mineral resources on the Outer Continental Shelf (OCS). As one of the largest collectors of revenue for the Federal Government, MMS will account for an estimated \$5.3 billion in Federal receipts in 1989, including \$4.4 billion from OCS bonuses, interest, rentals and royalties and \$0.9 billion from onshore mineral leasing.

The 1989 estimate for MMS is \$610.4 million, an increase of \$29.3 million compared to the 1988 estimate of \$581.2 million. The 1989 request for annual program operations is \$171.3 million, an increase of \$2.6 million over the 1988 estimate of \$168.7 million. Within the total 1989 request, a program increase of \$4.4 million, increased pay (\$1.9 million) and other administrative costs such as rents and telecommunications (\$2.0 million), are partially offset by program decreases of \$3.1 million, and a \$2.6 million reduction which reflects the revised cost estimate of the Federal Employees Retirement System.

Program changes for OCS include reductions of \$0.9 million for environmental studies, and \$0.7 million for geologic and geophysical (G&G) data acquisition. For the Royalty Management Program, a total program increase of \$4.4 million is requested automate and centralize production reporting for onshore oil and gas leases. This increase will enhance MMS' ability to increase mineral revenue collections, thus resulting in a net increase of revenue to the Federal Treasury. In the general administration area, a decrease of \$0.2 million reflects elimination of one-time telecommunications expenses.

The 1989 estimate for payments to states from mineral leasing revenues is \$439.1 million, an increase of \$26.7 million over the 1988 estimate. The increase in this permanent appropriation is due to a projected rise in: (1) oil, gas, and coal prices; (2) average coal royalty rates; and (3) oil and gas rents. The estimate for payments to states includes \$0.6 million in miscellaneous payments for: (1) interest on late payments to states and Indian accounts when mineral leasing revenues are not distributed as quickly as required by law; (2) interest payments to industry payors who successfully appeal royalty payment orders and are refunded all or part of the principal paid to and held by the Government; and (3) rewards to persons who provide information to the Government that results in the collection of additional mineral revenues owed to the Government. The budget does not propose

deduction of the Federal Government's costs of managing and administering mineral leasing programs from payments made to states; however, out-year planning targets for 1990 and subsequent years assume such a policy.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

The Office of Surface Mining Reclamation and Enforcement (OSMRE) administers programs for the regulation of coal mining operations to protect the environment and for reclaiming lands damaged by past mining activity, under the authority granted in the Surface Mining Control and Reclamation Act of 1977. OSMRE reviews, monitors, and assists state regulatory and reclamation programs to accomplish these objectives and carries out regulatory and reclamation activities in states that do not have their own programs and on Federal and tribal lands.

The 1989 budget estimate for OSMRE is \$260.2 million, a decrease of \$48.3 million from the 1988 estimate of \$308.5 million (which reflects a net transfer of \$7 million to OSMRE to repay funds transferred out in 1987 for emergency firefighting costs) and a decrease of \$41.3 million from the enacted 1988 appropriation. Most of the decrease is attributable to a reduction of \$30 million in the request for Abandoned Mine Land state grants, which is attributable to the availability of carryover funding from prior years sufficient to continue this program at a constant level. The 1989 estimate includes \$831 thousand for increased pay costs and \$912 thousand for costs of the Federal Employee Retirement System.

The 1989 request for the Regulation and Technology appropriation is \$101.1 million, a decrease of \$1.1 million from the 1988 estimate. This funding level will allow OSMRE to maintain its mandated responsibilities for oversight of state regulatory programs. Differences from the 1988 enacted level include reductions of \$2.0 million for the Applicant Violator System (AVS) and \$1.8 million for the Coal Data Management Information System (CDMIS). These are partially offset by increases of \$1.8 million for State Regulatory Program Grants and \$740 thousand for Federal Regulatory Programs related to an understanding, explained below, that the Department reached with Kentucky.

Phase One of the Applicant Violator System became operational on October 1, 1987. As directed by court order, the AVS will allow

OSMRE to (1) search for and take enforcement actions against long standing violators; (2) ensure that these violators and their owners or controllers do not receive new mining permits; and (3) link companies and corporate officials who have control of operators who are violators. By 1989, the AVS should be fully operational with all Federal and State violation data loaded and a complete relatedness database in place. As a result, funding for extensive collection activity and ongoing contractor support can be reduced.

For 1989, a scaling back of OSMRE's developmental efforts related to the Coal Data Management Information System is proposed. The goal of integrating various information systems within the agency remains valid. However, pending completion of a benefit-cost analysis of the CDMIS concept, a restrained funding level of \$500 thousand is requested.

During 1987, the National Wildlife Federation and the Kentucky Resources Council filed a lawsuit against the Commonwealth of Kentucky on various issues with respect to the State's regulatory program. In the late spring/early summer of 1987, the Department of the Interior coordinated the efforts of a management review team to examine Kentucky's regulatory program and to make recommendations for improvement. The findings of the management review team provided a sound framework for OSMRE to assist Kentucky in addressing the issues of the lawsuit, as well as improving the State's ability to execute its responsibilities under the Surface Mining Act in such areas as inspection and enforcement, two-acre restrictions, bond release, and prevention of wildcat mining. In 1988, OSMRE began a one-time plan of assistance with funding provided over a three year time period. Funds will be used to enhance Kentucky's regulatory program in such areas as helicopter inspection services, computer system enhancements, hydrology and acidity studies, bond release training, wildcat mining deterrence, and staffing. As addressed in the memorandum of understanding between the Department and Kentucky, the 1989 budget requests funding of \$4.4 million to continue the plan of assistance initiated in 1988.

The 1989 request for the Abandoned Mine Reclamation (AML) Fund is \$159.1 million, a decrease of \$47.3 million from the 1988 estimate. The request includes \$129.7 million for non-matching state reclamation grants, which is a decrease of \$30 million from the 1988 enacted level. The decrease is proposed since a considerable amount of funding previously awarded to the states is unobligated and thus remains available for reclamation projects. The 1989 proposed funding level will provide full administrative support for the states and allow them to continue reclamation contracts already in progress, as

well as provide the resources to plan for future land reclamation projects.

Consistent with previous requests, the budget reflects a decrease for the Rural Abandoned Mine Program (RAMP) administered by the Soil Conservation Service of the Department of Agriculture. No funding is requested in 1989, which represents a decrease of \$15 million from the 1988 enacted level. The request reasserts the Administration's preference to rely on the State reclamation grants program as the primary delivery mechanism for reclamation services. State programs have established capabilities to address various types of reclamation projects, including those carried out under RAMP. Furthermore, States have established priorities and plans for accomplishing reclamation.

The 1989 budget includes a requested increase of \$5.4 million for Reclamation Program Operations to allow OSMRE to adequately address emergency projects resulting from abandoned mines. In 1985, OSMRE issued revised guidelines for the emergency projects program. The guidelines provide a more explicit description of emergency situations and are designed to assure that situations addressed as emergencies meet the criteria set forth in the Surface Mining Act. Federal emergency AML project responsibility is defined as only extending to an abatement of the *immediate* emergency -- full reclamation of the site is regarded as the State's responsibility. As a result of this policy change, Federal expenditures for emergency projects have declined considerably. Significant unobligated funds existed in 1988 so that reduced new budget authority was required in that year, while still maintaining an adequate program level to address true emergency situations. Thus, while the budget reflects an increase from the 1988 appropriated level, the proposed funding level of \$19.1 million is actually a decrease of \$4.6 million from the 1988 *program* level of \$23.7 million. Again, because of the revised emergency guidelines, the proposed level of \$19.1 million will allow OSMRE to address adequately Federal emergency project responsibilities.

BUREAU OF RECLAMATION

The Bureau of Reclamation plans, develops, and operates water resource projects in the 17 western states of the continental United States. The purpose of these programs is to help stabilize and stimulate local and regional economies by providing irrigation water service, municipal and industrial water supplies, hydroelectric power generation, and outdoor recreation and flood control. Projects also

contribute to environmental protection through water quality improvement and fish and wildlife benefits.

The 1989 budget for the Bureau is \$1.071 billion, an increase of \$13.6 million compared to the 1988 estimate of \$1.057 billion.

The 1989 request for the Construction Program is \$698.2 million, a \$5.5 million decrease below the 1988 estimate. This request provides for construction funding for 26 multipurpose projects plus a large number of existing projects requiring rehabilitation and betterment, minor construction, and safety of dams work. In accordance with the Department's policy of concentrating financial resources on projects substantially underway, the Bureau is also increasing efforts on some projects that had constrained funding levels in 1988. Major projects budgeted in 1989 include the Central Arizona Project (CAP) at \$220.5 million (including work done under the Safety of Dams Act), the Central Utah Project (CUP) at \$151.5 million, the Central Valley Project (CVP) at \$59.5 million and the Safety of Dams program at \$49.0 million. Beginning in 1989, the general engineering and research activity, previously funded under the General Investigations appropriation, is being proposed for funding in the Construction appropriation under the title "Applied Engineering". The Construction Program includes \$13.0 million to complete the Federal involvement in the San Joaquin Valley drainage studies related to contaminants found in drainage waters and \$13.9 million to continue cleanup activities at Kesterson Reservoir, consistent with the Secretary's voluntary compliance with the California State Water Resources Control Board's order.

The 1989 request for Operations and Maintenance is \$183.2 million, a \$32.2 million increase above the 1988 estimate of \$151.0 million, for activities on 37 Reclamation projects, as well as associated water resources management activities. With this increased funding level, the Department is proposing a multi-year effort to "catch-up" on deferred maintenance, replacement, and capital facilities at Bureau-operated projects. A backlog of maintenance tasks needed to operate Bureau projects in a businesslike manner has developed over the past several years because of constrained funding and the aging of facilities. The \$32.2 million increase will initiate a planned 5-year effort to improve the reliability of Bureau projects, thus assuring the revenues earned. This initiative reflects the findings in the *Assessment '87* report, which concluded that the Bureau must emphasize efficient management of existing capital resources in order to optimize facility benefits, increase water quality, and protect the environment.

The 1989 request for General Investigations is \$12.3 million, which is comparable to the 1988 estimate level of \$16.6 million after adjusting

for the transfer of the general engineering and research activity to Construction. The proposed funding level will enable the Bureau to conclude in 1989 those studies approved by the Congress in 1988 that were not in the President's request , as well as to undertake 11 new studies. These new studies represent a new direction for the Bureau, consistent with the philosophy announced in the October, 1987, *Assessment '87* report and the accompanying *Implementation Plan*. These 11 studies emphasize nonstructural, management, water efficiency, and conservation solutions to water resource problems in the West.

The request for the Loan Program in 1989 is \$19.0 million, a decrease of \$13.3 million from the 1988 estimate of \$32.3 million. This decrease reflects the scheduled completion of 8 projects in 1988. The proposed funding level will enable the ongoing Loan Program to meet scheduled commitments in 1989 on four loans with no new loans being proposed. The President's Federal Credit Reform proposal would change the budgetary treatment of Federal credit transactions. Included in the Bureau's request is \$11.1 million for the estimated amount of subsidy included in loans funded in 1989, \$820 thousand for the costs of administering the loan program and \$7.1 million for the asset portion of the 1989 loans. Under the Credit Reform proposal, the asset portion (\$7.1) million would be transferred to Treasury resulting in a net Bureau budget request of \$11.9 million.

In 1989, a \$7.9 million appropriation for the Bureau's Working Capital Fund is requested to begin acquisition of the needed computer hardware and software to implement Departmental initiatives for maximizing long term administrative systems cost savings through the use of common Department-wide administrative systems, e.g., payroll and administrative accounting, in accordance with the Administration's management improvement initiatives.

The budget request includes \$50.3 million, a decrease of \$1.4 million from the 1988 estimate of \$51.7 million for General Administrative Expenses. The request for the Emergency Fund is \$1.0 million, the same as last year. An amount of \$282 thousand is required for permanent appropriations. The estimated non-Federal contributions to the Trust Fund appropriation is \$67.1 million, reflecting increased cost sharing for planning and construction projects.

The Bureau is in the process of implementing the reorganization plan announced last fall that will reduce the personnel level in the office of the Commissioner in Washington; expand the Bureau's office in Denver, Colorado; and reduce the number of regions from six to five. On this basis, the staffing level requested by the Bureau in 1989 is

7,324 full-time equivalents (FTEs), a reduction of 522 compared to the 1988 level of 7,846 FTEs.

The Departmental Irrigation Drainage Program will be funded at \$4.2 million with amounts budgeted by the Bureau of Reclamation, Fish and Wildlife Service, the Bureau of Indian Affairs and Geological Survey. The purpose of this program is to conduct on-site studies to identify, evaluate and address water quality problems related to irrigation drainage.

GEOLOGICAL SURVEY

The major missions of the Geological Survey (GS) are to undertake research, fact finding, and mapping aimed at enlarging the Nation's knowledge about the extent, distribution, and character of water and other natural resources, and the geologic processes, structure, and hazards that affect the development and use of the Nation's land and physical environment.

The 1989 budget estimate for GS is \$425.3 million, a decrease of \$23 million compared to the 1988 estimate of \$448.4 million. Within the total requested, increased funding is provided for advanced cartographic systems, investigations of the Exclusive Economic Zone and General Administration to fund the Department-wide administrative accounting/payment system. In addition, other high priority programs are maintained at current funding levels. The 1989 estimate includes \$5.7 million for increased 1988 pay costs, \$2.7 million for increased building rental costs and \$1 million for other increases in administrative expenses.

The 1989 request for the national mapping program is \$90 million. Increased funds of \$4.5 million are requested to continue the transition of map production to an advanced digital cartographic system that takes advantage of innovative computer technologies in cooperation with the Department of Defense. Primary mapping and revision, land-use and land-cover mapping, and cartographic and geographic information programs are maintained at 1988 funding levels. Support is continued at reduced levels in digital cartography, geographic information system research and applications, image mapping, and earth resources observation systems programs. No funding is proposed for the side-looking airborne radar program because the technology has been demonstrated and applications data can be readily acquired from the private sector.

The 1989 request for geologic research and investigations is \$167.8 million. This request includes increased funding of \$3 million in offshore geologic surveys to conduct investigations of the Exclusive Economic Zone (EEZ). Additional verification surveys will begin following completion of GLORIA sonar surveys in California, Oregon, Washington, the Gulf of Mexico, Puerto Rico, American Virgin Islands, and the east coast. Funds for landslide hazards, deep continental studies, geomagnetism, and climate change programs are maintained at 1988 levels. Reduced levels of funding are proposed for research related to geologic hazards, geologic mapping, mineral resources, and energy resources. No funds are requested to continue investigations of coastal erosion processes in 1989.

The 1989 request includes \$133.3 million for research and investigations to appraise the Nation's water resources and to provide water data necessary to develop and manage these resources. The National Water Quality Assessment (NAWQA) Program is funded at \$7.2 million to carry out all of the seven pilot studies initiated in 1986. Strategic and critical minerals, assessment techniques, sedimentary basins, oil shale investigations, and world energy resource assessment programs are maintained at 1988 funding levels. Funds are included to continue both the Federal and Federal/State cooperatively funded data collection and analysis programs; national water data and information access; regional aquifer analyses; core program hydrologic research; nuclear waste hydrology; coal hydrology; as well as the State Water Resources Research Institutes and Research Grants programs at reduced levels compared to 1988 appropriations.

The 1989 request for General Administration is \$16.4 million, including \$2 million to continue funding for the Department's financial integration review for management (FIRM) system. The Geological Survey is the Department's lead agency for the acquisition and implementation of this consolidated administrative accounting/payment system for all of the Interior bureaus.

BUREAU OF MINES

The Bureau of Mines provides information and conducts research to ensure that the United States has an adequate and dependable supply of minerals to meet its defense, economic, social and environmental goals. The Bureau collects, evaluates and publishes worldwide minerals data on all phases of mineral resource development and analyzes the effects of public policies and regulations on mineral supply and demand. The Bureau conducts research to remove barriers to innovation and competitiveness and to improve technologies used

for the extraction, processing and recycling of the Nation's mineral resources.

The 1989 budget estimate for the Bureau is \$127.3 million, a decrease of \$19.8 million compared to the 1988 estimate of \$147.1 million. The budget estimate includes an increase of \$2.2 million for adjustments for administrative costs. Program funding for 1989 includes \$33.5 million for information and analysis activities and \$70.3 million for research. No funding is requested for the Mineral Institutes. A one-time request of \$3 million is included for partial clean-up of a radioactive waste site in Denver, Colorado, and \$400 thousand is included as partial payment for the purchase of the Spokane Research Center.

The Bureau of Mines, much like the U.S. minerals industry, is responding to global market changes by restructuring its budget and organization to streamline operations, to address the emergence of new materials and technologies, and to examine the potential impacts of new environmental regulations on mining. Increased funding, as well as the redirection of existing resources, in the 1989 budget will enable the Bureau to emphasize its activities in several important areas including \$6 million for advanced materials \$6.7 million for minerals waste management and recovery, \$5 million for research in robotics and automation, \$4 million for innovative mining technology, \$7.6 million for mineral land assessments, and \$1.7 million for analysis of regulatory issues. The combination of these enhanced activities will provide new knowledge and technology to minimize health and safety hazards in mines, to develop cost-effective environmental controls and to improve efficiency, productivity and domestic competitiveness. Funding decreases amounting to approximately \$26 million result from the decision to forego lower priority research projects and mineral institutes funding in order to capitalize on the initiatives outlined above.

The Bureau is studying the feasibility of selling to the private sector its helium refining and distribution facilities. The Bureau has received a draft study which addresses options for such a sale and is evaluating the document. Upon completion of the final study, the Secretary will review alternatives with respect to the future disposition of the helium operations. The Bureau will continue to conduct its helium resource assessment activities under the information and analysis activity.

FISH AND WILDLIFE SERVICE

The Fish and Wildlife Service (Service) has a principal Federal responsibility to conserve, protect, and enhance fish and wildlife and their habitats. The Service manages 441 national wildlife refuges and 26 wetland management districts with waterfowl production areas in 150 counties, for a system-wide total of more than 90 million acres. In addition, the Service manages 71 fish hatcheries throughout the country with an estimated 1989 production total of 6.4 million pounds of fish for release into the Great Lakes, coastal rivers, and inland reservoirs, lakes, and streams. Research on fish and wildlife and their habitats is conducted at 11 major laboratories and associated field stations.

The 1989 budget estimate for the Service is \$702.2 million, a decrease of \$61.5 million from the 1988 estimate of \$763.7 million (which reflects a net transfer of \$20.5 million to repay funds used in 1987 for emergency firefighting costs) and a decrease of \$41 million from the enacted 1988 appropriation. The decrease is comprised principally of land acquisition projects, one-time construction activities, the return of fish hatchery operations to the Bureau of Indian Affairs, a reduction in emergency fire suppression costs, and grant programs which have been deferred as lower priority items, as compared to costs of day-to-day operations which have been given a higher priority in the 1989 budget. The 1989 estimate includes \$3.5 million for increased pay costs and a total of \$4.3 million for the Federal Employee Retirement System.

The 1989 estimate for Resource Management, the Service's principal operating account, is \$331.9 million, \$7.9 million below the 1988 estimate. Operations and maintenance for refuges and fisheries, however, are budgeted at \$145.1 million in 1989, essentially the same as the comparable amount enacted in 1988, \$146.3 million. This request provides level funding for most ongoing Service activities while decreasing lower priority or one-time efforts. National wildlife refuges, fish hatcheries, and research centers will receive \$36.2 million for maintenance and rehabilitation requirements in 1989, including increases of \$1.2 million for hatchery maintenance and \$500 thousand for research centers. Law enforcement operations and cooperative research units also retain approximately the same level of funding of \$21 million and \$5.8 million respectively.

The Service will continue to address contaminants as a high priority and is requesting a total of \$23.9 million for contaminant assessment, monitoring, analysis and remedial action on Service lands. Included within this request is \$4.9 million for activities dealing with hazardous

waste sites on Service lands. This includes an increase of \$1.9 million to begin implementation of remedial actions on six refuges including Crab Orchard, Illinois; Great Swamp, New Jersey; Tinicum, Pennsylvania; E. B. Forsythe, New Jersey; Dismal Swamp, Virginia; and Iroquois, New York. In addition to funding requested for contaminants, increased efforts will also be focused on evaluating mitigation of surface water acidification; \$500 thousand is requested for this purpose.

An increase of \$1 million is requested within the fisheries activity for the Klamath River Basin Conservation Area to initiate development of a multi-agency restoration program with the Bureau of Reclamation and the Bureau of Indian Affairs for the anadromous fishery resources of the Klamath and Trinity Rivers. This effort is authorized by the 1986 Klamath River Fish and Wildlife Restoration Act (P.L. 99-552). An increase of \$288 thousand is also requested for the Lower Snake River Compensation Fund for additional fish restoration activities on the Lower Snake River. The 1989 budget estimate also proposes that \$1.3 million for the operation of fish hatcheries and fishery assistance offices on Indian tribal lands, which were transferred to the Service in the 1988 appropriations act, be returned to the budget of the Bureau of Indian Affairs (BIA) in 1989. The Department believes that the BIA can continue to fund these stations through a cooperative agreement with the Service.

The Service will continue studies to develop baseline information and guidelines for proposed exploration and development of oil and gas reserves on the Arctic National Wildlife Refuge at the 1988 enacted level of \$2 million. Studies will focus on fish migration and habitat variables in the area from Prudhoe Bay east to the Mackenzie River, habitat losses and impacts on caribou and related species, waterfowl staging and migration requirements, and water quality and quantity availability. The 1989 request also continues efforts to restore wildlife habitat through section 1242 of the Conservation Reserve Acreage provisions of the Farm Bill (P.L. 99-198) and provides technical assistance in identifying wetlands.

The General Administration activity provides funding for the Service's directorate, administrative personnel, engineering services and fixed costs such as office space, telephones, and postage. The 1989 request for appropriations of \$50.6 million in this activity represents a net increase of \$1.5 million over the 1988 enacted level. Included are increased costs totaling \$1.5 million for space and telephone charges and an increase of \$300 thousand for continuation of headquarters and research regional office staff relocation into consolidated office space. Increased costs for the financial management information system totaling \$325 thousand are also included. Continuation of funding of

\$500 thousand for a matching grant program administered by the National Fish and Wildlife Foundation is not requested in 1989 since it is considered a lower priority than other Resource Management activities.

Two grant programs within the Resource Management appropriation, endangered species grants to states and subsistence grants for the State of Alaska, will not be continued, for a savings of \$5.3 million. No funding is proposed for other one-time or short term activities including \$500 thousand each for operations at refuges in Alaska and Hawaii, \$1 million for research and management of nongame migratory birds, \$650 thousand for Alaska marine mammals, \$650 thousand for fishery research projects, and \$750 thousand for endangered species listing and recovery activities.

The 1989 estimate for construction totals \$7.6 million. This request includes \$7.3 million in funding to meet important dam safety needs at five dams and to continue the dam safety inspection program. Planning and design for required repairs of the Lake Darling and Lake Ilo dams in North Dakota will total \$1.7 million. Dam modifications or reconstruction projects are requested for Umbarger Dam in Texas, \$3.1 million; Harrison Lake Dam in Virginia, \$1.3 million; and Rynearson Dam in Wisconsin, \$870 thousand. A health and safety project for construction of a corral at Wichita Mountains refuge in Oklahoma is requested for \$234 thousand.

Although no funds are proposed in 1989 for new land acquisition under authority of the Land and Water Conservation Fund Act, \$1.9 million is requested to allow the Service to continue the 1988 level of acquisition management activities for projects with unobligated prior-year funding and to pursue alternatives to fee acquisition. In addition, receipts deposited in the Migratory Bird Conservation Account are estimated at \$29.4 million in 1989, an amount slightly above the \$28.9 million estimated for 1988. Included within the \$29.4 million, are receipts from the collection of entrance fees on selected national wildlife refuges that are expected to provide approximately \$1.9 million for acquisition of highest priority wetlands. The \$1 million for the migratory bird advance appropriation that was enacted in 1988 is not continued in 1989.

Sport Fish Restoration receipts are estimated to be \$194.8 million in 1989, an increase of \$33.7 million over the \$161.1 million estimated for 1988. These funds supplement State projects that restore, conserve, manage and enhance sport fish resources, providing for increased public use and benefit. Projects such as fishery research, fish species inventories, and construction of public access facilities are typical of State programs. The Wildlife Restoration receipts are

projected to be \$119.2 million, an increase of \$3.9 million over the \$115.3 million estimated for 1988. These funds are distributed to States to supplement programs that restore, conserve, manage and enhance wildlife populations of birds and mammals. Typical projects include hunter education programs, wildlife research and inventories, and wildlife habitat improvement.

NATIONAL PARK SERVICE

The National Park System contains 341 areas which cover 79.8 million acres of land in 49 states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and the Northern Mariana Islands. Included in the System are three new areas added in the last year: Jimmy Carter National Historic Site, El Malpais National Monument, and the Santa Fe Trail. The National Park Service (NPS) has the dual responsibility of protecting the natural and cultural resources of these areas and providing for their use and enjoyment by the public. The Service also conducts programs that promote and assist outdoor recreation planning, preservation of cultural and natural resources, and environmental compliance and review along with other Federal agencies, state and local governments, and private organizations.

The 1989 budget estimate for the NPS is \$794.3 million, a decrease of \$207.7 million from the 1988 estimate of \$1.002 billion (which reflects a net transfer of \$47.5 million to repay funds used in 1987 for emergency firefighting costs) and a decrease of \$160.2 million from the enacted 1988 appropriation. The 1989 request preserves funding for park operations while significantly decreasing funding for construction and land acquisition and providing no funding for the Historic Preservation Fund. These priorities are consistent with past years' priorities of the Administration.

The 1989 estimate includes \$10.3 million for increased pay costs and \$7.5 million for the costs of the new Federal Employee Retirement System.

At the \$733.8 million level for Operation of the National Park System (ONPS), the principal operating account, the 1989 budget request represents an increase of \$13 million over the 1988 estimate of \$720.8 million (which reflects the net transfer of \$10 million to repay funds used in 1987 for emergency firefighting costs) and an increase of \$3 million from the enacted 1988 appropriation. Of the ONPS total, \$681.6 million is proposed to be appropriated from the General Fund of the Treasury. The balance (\$52.2 million) will be derived from fee revenues collected during 1988 and deposited in a special account in

the Treasury in accordance with permanent fee legislation included in the Budget Reconciliation Act of 1987, P.L. 100-203. Under the fee legislation, appropriations from the special fund will be distributed as follows: 40 percent is to be distributed based on each park unit's proportion of the total budgeted in the prior fiscal year for park operating expenses, 50 percent based on each unit's proportion of the total fee revenues collected during the prior fiscal year, and 10 percent determined by the Director under this program.

The 1989 estimate for ONPS also includes: \$600 thousand to explore in more detail the costs and benefits of restoring the 1,970 acres of Hetch Hetchy Valley presently impounded by Hetch Hetchy Reservoir to their natural grandeur as part of Yosemite National Park; approximately \$4.3 million in order to correct a disparity between the Park Police and other local civilian police departments in wages and benefits and to maintain the pool of exceptionally qualified recruits; \$3.5 million to improve the safety of dams which are in danger of failing; \$200 thousand for initial operations at the Jimmy Carter National Historic Site, and \$150 thousand for operations at El Malpais National Monument.

The 1989 request for National Recreation and Preservation is \$10.2 million, \$2.7 million less than the 1988 estimate. The Service is proposing to reduce the amount of Federal involvement in public recreation programs that are carried out at the state and local level as part of the overall effort to help reduce the Federal deficit. Accordingly, technical assistance to states and local governments for recreation programs would be reduced.

The proposed budget for construction is \$15 million, and will be limited to the accomplishment of four health and safety projects.

The 1989 request to support the non-performing arts operations of the John F. Kennedy Center for the Performing Arts is \$5.2 million, an increase of \$300 thousand over the 1988 estimate.

A total of \$15.8 million is requested for land acquisition. In addition to funding for land acquisition in cases of emergencies, hardships, and deficiencies, the requested amount for acquisition provides funds for administrative expenses for the Federal program and for State grants awarded in previous fiscal years. No funds are requested for grants-in-aid to States.

Consistent with prior year budgets, no budget authority is requested for grants from the Historic Preservation Fund, a decrease of \$28.3 million from the 1988 estimate. Historic Preservation Fund grants to states are not vital to ensure that preservation activities continue.

Federal support over the past decade has facilitated the establishment of a network of effectively functioning state preservation offices which can continue to operate without Federal assistance. The encouragement of private sector involvement in historic preservation through enhancement of economic and tax incentives has been highly successful.

The 1989 request eliminates direct Federal support for the Illinois and Michigan Canal National Heritage Corridor. The Commission was funded at \$250 thousand in 1988.

BUREAU OF INDIAN AFFAIRS

The Bureau of Indian Affairs (BIA) is responsible for managing and protecting natural resources on 52 million acres of Indian trust lands and for assisting tribes to serve 864,500 American Indians and Alaska Natives. It provides community services, operates or provides financial support to operate schools, maintains law enforcement systems, provides social services, and assists in farming, ranching, forestry and mining on reservations. These services are provided directly by the Bureau and through contracts with over 300 tribes.

The 1989 budget estimate for BIA is \$1.421 billion, a decrease of \$42.0 million compared to the 1988 estimate of \$1.463 billion. Exclusion of funding for nonrecurring construction projects or irrigation projects with low benefit/cost ratios accounts for over half (\$26.4 million) of this decrease. The request of \$1.421 billion includes \$1.026 billion in current appropriations and \$394.6 million in permanent appropriations and trust funds. The Bureau's budget is the largest in the Department, comprising 22 percent of the total in 1989.

The 1989 estimate for all accounts includes a total of \$6.3 million to cover the annualized cost of the January 1988 pay raise and \$7.2 million for estimated costs of the Federal Employee Retirement System.

During 1989 the Bureau will continue to address the persistent economic and social problems on reservations, and improve self-determination for Native Americans. Major priorities include increased funding flexibility for selected tribes and improved provision of education, social services, and information services.

The 1989 request for Operation of Indian Programs, the Bureau's primary operating account is \$938.4 million. Increased tribal

involvement in the operation and management of BIA programs will be stressed in 1989 through increased self-determination contracts and implementing a tribally designed budget initiative which provides flexible funding agreements between tribes and the Bureau for operation of all BIA funded programs on selected reservations. In the 1988 appropriations act, \$1 million was provided for demonstration projects for ten tribes to design their own budgets and address tribally determined priorities. During 1988, the Bureau will be working with these tribes to plan and develop the process which is to be implemented in 1989. Based on the results from the initial planning, other tribes will also be able to participate in this program during 1989.

For education, the Bureau has begun implementation of an "effective school" process. This process will address such issues as educational leadership at all levels, curriculum development, improved student performance, in service training and others. Based on criteria developed by the Department of Education, effective schools, among other things:

- have high expectations for student success,
- develop curricula to emphasize basic learning skills,
- have principals who provide strong instructional leadership,
- make students accountable and regularly monitor their progress, and
- involve parents and the local community.

To implement a portion of an effective school process, BIA is increasing its 1989 education budget by \$1.5 million for staff training, textbook upgrading, and the gifted and talented program. In addition, an exemplary schools program will be funded that will identify and reward ten schools for superior performance. The increased funds will be used to support specific school proposals to further academic excellence.

BIA will continue to address employment problems on reservations through the Employment Assistance Readiness Net (EARN) demonstration workfare program. An additional \$2 million will be provided for this purpose to support six tribal demonstration projects and two Bureau projects. Under this program, tribes will coordinate the existing programs on reservations to more effectively lead individuals to employment or training opportunities. Through EARN, tribes will design a comprehensive work plan that takes full advantage of all available resources on the reservation, including education programs, vocational training, alcohol and substance abuse counseling.

tribal community college opportunities, and any other existing resources.

In the area of substance and alcohol abuse prevention, BIA will provide \$3.9 million to continue the Drug and Alcohol Abuse program at the 1988 funding level. Also, BIA will provide curriculum materials and technical assistance through school counseling programs emphasizing substance and alcohol abuse prevention; training materials for tribal court staff in drug abuse issues; training in the law enforcement field in the area of controlling illegal narcotics trafficking and eradication. Continued funding is provided for the Drug Abuse Coordination Office which oversees all Bureau alcohol and drug abuse programs.

In 1989, BIA will provide \$1.5 million toward child protection efforts against child abuse and neglect on reservations. In this effort, BIA will be increasing the field staffing level by 83 FTEs. This is being done to approximate comparable State staffing standards in the area of child abuse counseling.

An increased emphasis will also be placed on providing tribes improved information resources and technical assistance. In 1989 the Bureau wishes to establish an Institute for Tribal Government (\$500 thousand) which will enable tribes to participate in programs offering formal instruction, on-site technical assistance and resource development and information through a technical assistance center. Increased funding of \$1 million is being provided for the Land Records Improvement and Indian Integrated Resources Inventory (IIRIP) Programs, which will address a land title records backlog and enhance resource inventory systems on reservations. These system modernizations will provide up-to-date, on-line land title and ownership information for use in the royalty management process and natural resources digital data bases for more effective tribal planning and management of land and natural resources.

Other enhanced services to the tribes provided for in the budget include establishing a Division of Judicial Services (\$400 thousand) to more effectively provide information to tribes on court activities, provide technical assistance to tribal court systems, and conduct a training program for court personnel. Funding in the amount of \$2.5 million is being requested for services to new Federally recognized tribes. Also, an additional \$6.8 million is being provided for road "sealing" costs to meet required maintenance standards in order to insure future road construction funding for Indian reservations from the Federal Highway Trust Fund.

The Bureau proposes funding (\$1.3 million) for six fisheries facilities operated for Indian tribes by the Fish and Wildlife Service (FWS) that

Congress transferred to the FWS budget in the 1988 appropriations act. Many tribes have indicated their desire to assume program operations of these facilities under a self-determination contract, and the transition to contracting can best be facilitated if the funds are maintained in BIA, which is responsible for initiating such contracts.

One major decrease proposed for Bureau operating programs is deletion of the \$7 million Indian Business Development Grant Program. However, the Bureau is increasing funds for technical assistance in 1989 to assist tribes and individuals in applying for private sector loans and is increasing its loan guarantee program.

A decrease of \$6.3 million is proposed in funds budgeted for emergency fire suppression and pre-suppression costs. The funds requested in 1989 will be used to pay back 1988 fire costs. The amount requested is based on an average of the obligations of several previous fire years. If more funds are required for 1988 repayment, additional funding will be requested. The Special Fish Management program decreases by \$4.3 million because of one time funding in 1988 and discontinuing lower priority work.

The construction budget request totals \$56.8 million in 1989. Funds in the amount of \$8.4 million are proposed for the construction of a new Saint Francis Indian High School on the Rosebud Reservation in South Dakota, and \$22.5 million will be used to improve or repair existing schools. The 1989 Facilities Improvement and Repair list will be included in the budget justification material, allowing a much earlier review of projected repairs than in prior years.

In 1989, the facilities program will continue to emphasize cooperative and cost-effective efforts such as the joint agreement between the Standing Rock School Board and the Ft. Yates School District in South Dakota, which is to be implemented in the upcoming school year. Under this agreement, students from the public school will be participating in a combined education program in the BIA school. This will result in substantial savings for the Department of Education (DoEd) which had intended to make major renovations at the facility. These DoEd grant funds will now, in turn, be applied toward repairs at the BIA school, saving the Bureau significant costs in facility repairs.

A total of \$17.2 million will be used for Indian housing rehabilitation. This will provide for repairs to approximately 1,627 Indian units. Additionally, \$7.2 million will be used for deficiency verification analysis and for conceptional and final design activities associated with hazardous dams on the Department-wide priority list, and other costs related to irrigation construction.

A reauthorization of the Highway Trust Fund was enacted in April 1987 making \$80 million available for Indian road projects annually. These funds are used for construction and reconstruction of roads on reservations.

The 1989 budget includes \$3.2 million for subsidies for the Revolving Fund for Loans, \$2.6 million for the Loan Guaranty program, and \$11.3 million for the Indian Guaranteed Loan Subsidies program, reflecting the Administration's legislative proposal on credit reform. A total of \$45 million in new loan guarantees is proposed for 1989.

The 1989 budget also includes \$14 million under the Miscellaneous Payments to Indians account. This includes a payment of \$11.3 million to the Tohono O'Odham Nation (Gila Bend Indian reservation) and \$2.7 million to cover the White Earth Land Settlement Act and Old Age Assistance Claims Act requirements.

Permanent appropriations and trust funds are estimated to be \$394.6 million in 1989, an increase of \$4.3 million from the 1988 estimate. These funds include receipts from judgement awards to fulfill claims and treaty obligations, receipts from leasing trust lands for oil and gas production, grazing and other similar purposes, and funds generated by Indian irrigation and power projects.

TERRITORIAL AND INTERNATIONAL AFFAIRS

The Assistant Secretary for Territorial and International Affairs carries out the responsibilities of the Secretary related to the U.S. territories of American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands, as well as the freely associated states of the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), and the Republic of Palau. Palau is currently administered under a United Nation's trusteeship agreement, but the budget assumes that a Compact of Free Association with Palau will be implemented in 1988. The objectives of the Office of Territorial and International Affairs are to promote the political, economic and social development of the territories and direct each toward greater self-government and self-reliance. In the case of the freely associated states, the objectives are to coordinate and monitor continuing Federal programs and services, and to provide financial and technical assistance pursuant to the Compacts of Free Association (P.L. 99-239 and 99-658) which enacted the Compact agreements.

The proposed 1989 budget for Territorial and International Affairs is \$323.4 million, a decrease of \$191.5 million compared with the 1988 estimate of \$514.9 million. Most of the decrease reflects a scheduled compact funding decrease of \$146.9 million for the RMI, the FSM and Palau, a \$39.2 million decrease that reflects the close-out of the Trust Territory government, and the 1988 funding of certain remaining commitments.

The 1989 request for administration of the U.S. territories is \$71.5 million, a decrease of \$6.8 million from the 1988 estimate. The request includes \$20.8 million for an operations grant to American Samoa to provide funding at the 1988 appropriated level. A total of \$3.8 million is requested for construction projects in Guam, American Samoa, the Virgin Islands, a decrease of \$6.6 million. The 1989 construction program includes \$1.7 million for completing the expansion of the Ordot landfill on Guam, \$1.0 million for water system improvements in American Samoa, and \$1.1 million for water system improvements in the Virgin Islands. Technical assistance funding is proposed at \$2.2 million, and loan assistance for the Guam Power Authority will decrease by a scheduled \$400 thousand to \$1.5 million. Covenant grants for Northern Mariana Islands operations and capital development is proposed at \$40.2 million, an increase of \$5.8 million which is consistent with the schedule of payments included in the Special Representatives Agreement as enacted in P.L. 99-396. The budget total reflects a policy of encouraging increased private sector participation in territorial economic development, while enhancing government efficiency and encouraging economic diversification of the islands.

An estimated \$70 million will be provided to Guam and the Virgin Islands for anticipated Federal collections of income and excise taxes, respectively. This payment is included in a permanent appropriation and is the same as the estimated 1988 funding level.

Approximately \$2.8 million is requested for 1989 to fund certain outstanding liabilities of the Trust Territory of the Pacific Islands appropriation, a decrease of \$39.2 million from the 1988 appropriation. This decrease reflects the 1988 funding of certain remaining commitments of the Trust Territory Government, such as a portions of Micronesian War Claims payments and the accumulated government deficit. The decrease is also predicated on the assumption that the Compact of Free Association for Palau will be implemented in 1988, and, therefore, funding for Palau is no longer included in this account. The \$2.8 million requested for 1989 will resolve all negotiated claims for 272 parcels of land in the former Trust Territory used for public purposes pursuant to indefinite land

use agreements between the Trust Territory Government and the landowners.

For the portion of the Compact of Free Association funding account subject to annual appropriation, the budget request is \$34.9 million. This funding will provide for the continuation of certain mandated Federal programs and services for the Republic of the Marshall Islands (RMI), the Federated States of Micronesia (FSM), and the Republic of Palau. Funding for most of the direct payments to these governments over the fifteen-year life of the Compact is backed by the full faith and credit of the United States and thus is permanently appropriated. The Compact for the RMI and the FSM came into effect and initial payments were made in 1987. The Compact for the Republic of Palau is expected to be implemented in 1988. Permanently appropriated funds for direct financial assistance under the Compact will total \$144.2 million in 1989, a scheduled decrease of \$146.9 million from the \$291.1 million provided in 1988. The 1988 payments are considerably higher because of up-front funding of \$84 million in investment development funds for the FSM, Marshalls, and Palau, along with one-time payments for Palau's capital account, U.S. military use and operating rights in Palau, and construction of a road system in Palau as required by Section 212(a) of the Palau Compact (P.L. 99-658).

SECRETARIAL OFFICES

The budget request for Secretarial offices total \$97.6 million. This is an increase of \$7.4 million over the 1988 appropriation and the current 1988 estimate for these offices.

The 1989 estimate includes an additional \$867 thousand for increased pay costs. Within the \$97.6 million total, the Office of the Secretary, which provides executive direction and management for the Department, is funded at \$53.5 million; the Office of the Solicitor, which provides legal services for all components of the Department, at \$25.3 million; and the Office of the Inspector General at \$18.8 million.

Table A

1969 ESTIMATE OF RECEIPTS

(\$ in thousands)

Source Category	1967 Actual	1968 Estimate	1969 Estimate	1969 Compared to 1968
OFFSETTING RECEIPTS				
Onshore Mineral Leasing				
Rents and Bonuses				
Oil and Gas.....	72,603	96,020	101,234	5,214
Coal.....	12,922	2,404	2,402	(1)
Geothermal.....	4,504	3,184	3,275	91
Oil Shale.....	0	3	3	0
All Other.....	1,285	908	906	(2)
Royalties				
Oil and Gas.....	532,191	593,970	610,810	16,840
Coal.....	168,636	193,854	219,456	25,601
Geothermal.....	14,043	17,100	17,091	(9)
Oil Shale.....	1,873	0	0	0
All Other.....	15,058	21,051	21,040	(11)
Subtotal.....	823,116	928,494	976,218	47,723
Noncompetitive Filing Fees.....	16,619	5,000	0	(5,000)
Grazing Fees.....	15,834	15,447	15,447	0
Timber Fees.....	195,348	211,468	211,148	(320)
Recreation Entrance/Use Fees.....	60,533	66,590	69,890	3,300
All Other Fees, Licenses and Commissions..	11,131	11,016	11,016	0
Rent of Land and Structures.....	39,779	50,273	50,338	65
Sale of Land, Bldgs. and Other Property..	112,351	101,803	101,658	(145)
Awards for Indian Claims.....	32,627	50,000	50,000	0
Offsetting Interest.....	77,206	90,482	91,957	1,475
All Other Offsetting Receipts.....	148,094	183,636	190,356	6,720
Subtotal, Offsetting Receipts.....	1,532,641	1,714,209	1,768,028	53,818
UNDISTRIBUTED PROPRIETARY RECEIPTS				
OCS Mineral Leasing				
Rents and Bonuses.....	418,774	719,000	817,000	98,000
Royalties.....	2,315,845	2,436,000	2,669,000	233,000
Escrow Payout.....	1,286,859	0	434,043	434,043
Subtotal.....	4,021,478	3,155,000	3,920,043	765,043
Interest on Escrow Payout.....	902,668	0	484,481	484,481
Subtotal.....	4,924,145	3,155,000	4,404,524	1,249,524
GOVERNMENTAL RECEIPTS				
Mined Land Reclamation Fee.....	213,994	216,274	222,639	4,365
All Other Non-offsetting Receipts.....	28,188	42,444	32,545	(9,899)
Subtotal.....	242,183	260,718	255,184	(5,534)
UNDISTRIBUTED INTERFUND RECEIPTS				
Non-offsetting Interest.....	22,119	13,190	13,284	94
Total Receipts.....	6,721,087	5,143,117	6,441,020	1,297,902
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Table B

1989 Full-Time Equivalent Staffing

Bureau/Office	1987 Actual	1988 Estimate	1989 Estimate	1989 vs 1988
Bureau of Land Management.....	9,675	9,792	9,650	-142
Minerals Management Service.....	1,992	2,014	2,014	--
Office of Surface Mining Reclamation and Enforcement.....	1,070	1,081	1,081	--
Bureau of Reclamation.....	7,946	7,846	7,324	-522
Geological Survey.....	9,148	9,390	9,350	-40
Bureau of Mines.....	2,263	2,344	2,265	-79
Fish and Wildlife Service.....	6,467	6,597	6,585	-12
National Park Service.....	16,315	16,414	16,461	+47
Bureau of Indian Affairs.....	13,251	13,251	13,250	-1
Territorial & International Affairs....	46	55	50	-5
Office of the Secretary.....	884	1,030	1,016	-14
Office of the Solicitor.....	327	353	373	+20
Office of the Inspector General.....	279	301	306	+5
TOTAL.....	69,661	70,468	69,725	-743
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Table C

MINERAL REVENUE PAYMENTS TO THE STATES (\$ of dollars)

	1987	1988	1989
	Actual Payments	Estimated Payments	Estimated Payments
Alabama.....	151	166	176
Alaska.....	11,839	13,006	13,828
Arizona.....	529	581	618
Arkansas.....	309	339	361
California.....	27,809	30,551	32,482
Colorado.....	37,008	40,657	43,226
Florida.....	27	30	32
Idaho.....	1,364	1,498	1,593
Kansas.....	1,356	1,490	1,584
Louisiana.....	516	567	603
Michigan.....	56	62	65
Mississippi.....	184	202	215
Montana.....	27,394	30,095	31,997
Nebraska.....	170	187	199
Nevada.....	5,136	5,642	5,999
New Mexico.....	75,447	82,886	88,124
North Dakota.....	6,813	7,485	7,958
Oklahoma.....	1,589	1,746	1,856
Oregon.....	687	755	802
South Dakota.....	905	994	1,057
Utah.....	24,223	26,611	28,293
Washington.....	280	308	327
Wyoming.....	151,618	166,568	177,093
Minnesota.....	3	3	4
Texas.....	7	8	8
Virginia.....	18	20	21
Wisconsin.....	1	1	1
TOTAL.....	375,439	412,458	438,522